

DATE: July 29, 2022

TO: Mike Mathiesen, Associate Superintendent Business Services
Mountain View Los Altos Union High School District
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FROM: Audrey Seymour Ramberg, Assistant City Manager/Chief Operating Officer

SUBJECT: **Proposed Extension to Current Education Enhancement Reserve Joint Powers Agreement**

INTRODUCTION

The following information is intended to document the topics discussed by the City/School District staff working group relative to the potential extension of the term of the current Education Enhancement Reserve Joint Powers Agreement (EER JPA).

The term of the current EER JPA expires on June 30, 2023. The City and School Districts (Districts) are negotiating a successor EER JPA. The City has proposed an extension of the current agreement of **up to 18 months**, with a term expiring on December 31, 2024 or upon the execution of a successor agreement, **whichever is sooner**. The reason for this extension is to have enough time to develop a long-term forecast of Shoreline Regional Park Community (SRPC) revenues and expenses. This forecast is essential to the consideration of options for payments from the SRPC to the Districts. As explained below, the completion of the forecast depends on the adoption of the Google North Bayshore Master Plan. An extension will ensure an informed and effective negotiation process and prevent the risk of a gap in the payment to the Districts upon the expiration of the current agreement.

DISCUSSION

SRPC Long-Range Forecast Data Points

The past trajectory of SRPC revenues and expenses will change considerably due to the potential for significant growth associated with the North Bayshore Precise Plan, which includes the Google North Bayshore Master Plan, and other developments expected to come forward to implement the Precise Plan.

To develop the forecast, it is necessary to have a timeline of the buildout of the Google North Bayshore Master Plan in order to estimate when and how much additional property tax revenue

will be generated in the SRPC and when certain utility, transportation, and other infrastructure improvements will be needed. In addition, the forecast requires assumptions and projections regarding the increased funding required to meet the higher costs associated with the City's updated Sea Level Rise project plan, the obligations associated with Shoreline at Mountain View and the closed landfill, and other SRPC operational and maintenance needs.

The Google North Bayshore Master Plan was submitted to the City in September 2021. The Master Plan proposes up to 7,000 residential units, 1.3 million net new square feet of office, 299,000 square feet of retail, community, and other active ground-floor active uses, and 31 acres of public park land and open space. City Council reviewed the proposed Master Plan in a Study Session on December 14, 2021 and provided direction to staff regarding land use, affordable housing, parks and open space, district parking, and construction phasing, among other topics. Staff is currently working with Google to incorporate Council input, complete the environmental review, and draft a Development Agreement.

Staff anticipates returning to Council for consideration of adoption of the Google North Bayshore Master Plan and related documents in the spring of 2023. As such, City staff is continuing to develop the SRPC Long-Range Forecast and prepare the financial assumptions related to the development of the Google North Bayshore Master Plan.

Update on City/District Staff Working Group Meetings

Since June 2019, the City/District staff working group has met on a, roughly, quarterly basis, with an initial focus on sharing information regarding the purposes and obligations of the SRPC and the needs of the Districts. The pace of this meeting schedule was mutually agreed upon by the City/District staff working group given the requirement in the EER JPA that the parties start discussions four years before the current agreement's expiration. Meetings during 2022 have been more frequent.

Since the beginning of the discussions, City staff has stated that it is the City's interest to collaborate with the Districts in support of high-quality schools. Likewise, District staff have communicated their understanding of the City's fiscal and legal responsibility to meet the obligations and provide the regional benefits of the SRPC. During recent meetings, staff from the three agencies have begun to discuss more specific interests, with the Districts indicating an interest to explore the potential for a substantive increase in the payment from the SRPC to the Districts.

Throughout the meetings, City staff has been transparent about the City's perspective that continued payments are assumed and that a significant change in the payment amount can be explored, but this exploration would require a long-term forecast of the anticipated revenues and expenditures of the SRPC.

Implications for Agreement Timing

With the presentation of the Google North Bayshore Master Plan for Council adoption anticipated in the spring of 2023, City staff expects to have a long-term SRPC forecast and to be ready to begin substantive discussion about EER JPA terms in July 2023, which is after the expiration of the current agreement. Based on this, as previously noted, City staff raised the idea of an extension. The concept of an extension was discussed by the City/District staff working group at its meetings on March 25, June 22, and July 20, 2022. During these meetings, City and District staff talked about:

- The different tasks to be completed throughout the negotiation process;
- The cadence of team meetings (with, roughly, monthly seeming reasonable);
- The number of City/District staff working group meetings needed to discuss and reach agreement on terms (which could vary significantly depending on the level of convergence or divergence of the parties' interests/proposals and the complexity of the terms);
- The amount of time needed for agreement drafting and legal review; and
- The time needed for approval by the JPA Board and then recommendation for approval to the School Board of Trustees and the City Council.

At the June 22 meeting, District staff asked City staff to develop a timeline mapping out these steps. The following week, City staff sent two versions of the timeline showing adoption of successor agreements either by June 30, 2024 (which would require a 12-month extension of the current agreement) or December 31, 2024 (which would require an 18-month extension). The only difference between these two versions of the timeline is the period of time allocated for City/District staff working group meetings, with the 12-month extension allowing up to six months (or roughly five working group meetings) and the 18-month extension allowing up to 12 months (or roughly 10 working group meetings).

If the parties agree to a short-term extension (12 or 18 months), an amendment to the current agreement could come to the JPA Board and then to the Boards of Trustees and City Council in the next two to three months. Negotiation on the successor agreement could be paused, to resume again in July 2023.